Readings in Current Economic Problems. By WALTON H. HAMILTON. (Ann Arbor: The University of Michigan. 1914. Pp. xliv, 607.)

Among the several books of selected readings which have appeared of late, this one will take a most honorable place. It appears to be admirably adapted to the purpose for which it was prepared. That purpose, however, as one can hardly avoid regretting, is a very special one. This is indicated by the editor's almost excessively modest and frank statement in beginning his preface: it "is intended only for the use of students in elementary economics in the University of Michigan." It is for a second course, not for a first course, and it presupposes "a stiff course in economic theory," and cherishes no illusions about teaching the elements to beginners by the inductive method. The book contains a large variety of views, many of which, the editor explains, "are entirely out of harmony with the views of the instructors on the subjects with which they deal. Many of them are regarded by the instructors as almost wholly fallacious." Moreover, no attempt is made to annotate these varying opinions or to give any hint to the reader as to the soundness or the fallacy of the several selections. The editor suggests that this perhaps might be necessary "were the book to be put into general use," but is "unnecessary so long as it is used by instructors who know the purpose of each selection and who have been more or less responsible for the book." Used without this competent guidance, the book would give to young students a very bewildered impression, but used as it is intended to be, it doubtless is a most efficient instrument of instruction. Any well prepared teacher will find it of value.

The book represents a wide range of research in which have been nicely blended the historical and the theoretical spirits. No one who has not attempted such work can perhaps fully appreciate the great labor and thought that such a clean-cut piece of editorship must have involved. It is another welcome evidence of the attention that is now being given to improving the methods of teaching economics in American colleges.

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A Theory of Interest. By CLARENCE GILBERT HOAG. (New York: The Macmillan Company. 1914. Pp. xi, 228. $1.50.)

"The object of all economic acts is increase of pleasure or de-

crease of pain." This sentence opens chapter two of a discussion of interest as a price measured in terms of pain and pleasure. Throughout the book, price means an equating point of pain and pleasure forces.

Before presenting his particular interest theory, the author sets forth his conception of different values. He would substitute for utility the two concepts, "subjective factor of pleasure" and "objective factor of pleasure." "Those factors of pleasure may be said to be factors of value as well as factors of pleasure." Personal value of a good is dependent upon the good taken as an objective thing—the objective factor—coupled with a particular individual's capacity for enjoying it under given circumstances—the subjective factor. Market value is dependent upon the objective factor combined with—as subjective factor—"the capacity to enjoy the good, relatively to all other goods and services of the market, of any person having access to the market." "Market value is a purely relative conception."

Of more direct significance to the topic in hand is the concept of nominal value which "differs from market value only in that its subjective factor, instead of being that of one of the particular persons constituting a market at a specified time, is that of whatever persons may constitute it at two or more different times." Thus, a bushel of potatoes that sells for $1 now and another bushel which will sell for $1 a year from date have not now the same market value but do have the same nominal value.

This makes room for the conception of interest held by the author as a price paid for the opportunity of exchanging future services for present services of the same value, that is, of the same nominal value. Interest is paid for the advancing of funds from one person to another, for the advancing or renting of goods and for "advances to nature," that is, in the storing up of future services in concrete goods. Only those of the last sort are to be figured in the supply of advances for which interest is the price paid. This is because the others are reducible to it. The price which is interest, like other prices, is a matter of the equating of pains and pleasures.

Mr. Hoag offers proof of the necessity of a positive rate of interest; but in this direction he gets little further than to say it is inconceivable that men should cease making advances to nature when they can get two per cent return practically without risk, unless the cost of making the advances is greater than two per cent of

the principal, and if so of course the equating point of cost and return would be not only positive but greater than two per cent.

The points advanced in the book are given full mathematical exposition in both algebraic and geometric form. No attempt to state them in a few words can be adequately convincing. The latter part of the book is devoted to critical discussion of other theories of interest.

Mr. Hoag was influenced to attempt a true explanation of interest, he says, in part by the attitude of socialists and the opposing views of labor and capital. His conclusion is: "Provided only a person's capital itself is equitably his own, his title to the interest accruing from it is as good as his title to the earnings of his own hands."

The book is an interesting variation of the current discussion of the subject. It seems to the reviewer, however, that the possibilities of such intensive study of the problem are about exhausted; that a study of how habits of spending and saving are fixed would be more fruitful than continued attempts to draw from consideration of particular instances of interest payment some formulation of a logical analysis which will be applicable to all cases.

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Wealth. A Brief Explanation of the Causes of Economic Welfare. By Edwin Cannan. (London: P. S. King and Son. 1914. Pp. xxiii, 273. 3s. 6d.)

The most serious difficulty confronting a writer of an introduction to economics is surely not the finding of something to put into his book but the deciding as to what to leave out. Some of our authors have sinned grievously in presenting to the beginner a vast mass of indigestible material, much of which properly belongs to special treatises. Professor Cannan has consciously avoided this mistake, and, while he may have leaned too much the other way in omitting some important subjects, such as money, credit, transportation, and monopoly, and some details of information which every student is supposed to learn, he has written an admirable book which can be used for academic purposes with good results, especially when supplemented by suitable collateral readings. It is intended for the general reader also, to give him a knowledge of the actual nature and workings of the economic machine, and enable him to detect the fallacies in certain schemes